

**CORPORATE LAWS COMMITTEE
REPORT PREPARED FOR THE DECEMBER 3, 2005 COUNCIL MEETING**

1. Next Scheduled Meeting of the Committee

The Committee does not hold regular meetings but rather meets when in the process of considering amendments to the Business Corporation Act. Throughout 2004 and early 2005 the Committee met several times while working on the current round of BCA amendments.

2. Council Approval

The Committee requests no council action at this meeting.

3. Membership

The Committee remains open to participation by any interested parties. The lack of regular meetings tends to limit interaction with Committee members.

4. Accomplishments Toward Committee Objectives

The Committee continues to monitor developments in corporate laws throughout the country and to consider changes to the Business Corporation Act. This is an ongoing and continuous process.

5. Meetings and Programs

No programs are currently scheduled, though the Committee is open to participation in presentations discussing changes to the Act once passed.

6. Publications

The Committee sponsored the Summer 2005 issue of the Michigan Business Law Journal.

7. Legislative/Judicial/Administrative Developments

The proposed BCA amendments were introduced on October 18, 2005 as a series of bills constituting HB 5315 through 5323. The bills were referred out of committee and referred for second reading on November 8, 2005. The bills did not include the proposed repeal of Chapter 7B of the Michigan Business Corporation Act. That change, however, may be added in the Senate version.

As noted in the committee's previous report, the proposed amendment of Section 131 (which is included in HB 5322) would make filings under the BCA effective, once endorsed, on the date they are received. The Department of Labor & Economic Growth previously expressed its

reservations about this proposal. In the meantime, however, separate bills were introduced and passed to address certain filing issues. P.A. 217 and 212 were passed on November 17, 2005 and signed into law on November 21, 2005.

P.A. 217 of 2005 amends BCA Section 131 with two principal effects:

- It requires the Department of Labor and Economic Growth (DLEG), by December 31, 2006, to establish a procedure for accepting delivery for filing of a document submitted by electronic mail or over the Internet. Beginning January 1, 2007, the department will be required to accept delivery of documents submitted by electronic mail or over the Internet.
- It establishes a new set of fees to be charged by DLEG for the expedited filing of documents. The fees include the following:

SERVICE	FEE
One-hour filing	\$1,000.00
Two-hour filing	\$ 500.00
Same-day filing – formation or qualification documents	\$ 100.00
Same-day filing – any other documents	\$ 200.00
24-hour filing	\$ 50.00

Also signed into law were P.A. 218, 219 and 220, which implement similar provisions for LLC, nonprofit corporation and limited partnership filings.

In light of the provisions of P.A. 217, the Committee expects that HB 5322 will be withdrawn.

P.A. 212 amends Section 1062 of the BCA to significantly reduce the fees charged under the Act for initial organization and increasing authorized shares, for both domestic and foreign corporations. A listing of the revised fee schedule can be found at <http://www.legislature.mi.gov/documents/2005-2006/billanalysis/senate/htm/2005-SFA-0533-E.htm>.

8. Miscellaneous

The Committee will continue to accept ideas for technical and other amendments to the Business Corporation Act, which is amended periodically. Suggestions in this regard may be addressed to either of the committee co-chairs, Cyril Moscow or Justin G. Klimko. The Committee also will consult with the Department of Labor and Economic Growth regarding efforts to further streamline corporate filings and information dissemination.

Any questions regarding this report may be directed to me.

Justin G. Klimko
Butzel Long
150 West Jefferson, Suite 900
Detroit, Michigan 48226
Telephone: 313-225-7037
Fax: 313-225-7080
e-mail: klimkojg@butzel.com

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